

TAB A

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of)	
)	
Application by Verizon)	
for Authorization to Provide In-Region,)	CC Docket No. 01-138
InterLATA Services in Pennsylvania)	
_____)	

**DECLARATION
OF SHERRY LICHTENBERG
ON BEHALF OF WORLDCom, INC.**

Based on personal knowledge and on information learned in the course of my duties, I, Sherry Lichtenberg, declare as follows:

1. My name is Sherry Lichtenberg. I am Senior Manager for Operations Support Systems Interfaces and Facilities Testing and Development in the Mass Markets unit of WorldCom, Inc. ("WorldCom"). My duties include working with the incumbent local exchange companies ("ILECs") and WorldCom's technical and IT organizations to establish commercially viable Operations Support Systems ("OSS"). This includes participating in the design and implementation of local service customer testing and in third party testing. I also help design, manage, and implement WorldCom's local telecommunications services to residential customers on a mass market basis nationwide. I have nineteen years experience in the telecommunications market, four years with WorldCom and fifteen years with AT&T. Prior to joining WorldCom, I was Pricing and Proposals Director for AT&T Government Markets, Executive Assistant to the President, and Staff Director for AT&T Government Markets.

INTRODUCTION AND OVERVIEW

2. The purpose of this Declaration is to respond to the contention of Verizon that it is today providing timely, reliable, nondiscriminatory access to its OSS functions in Pennsylvania. In this Declaration, I will show that while Verizon has made significant progress in improving the performance of its OSS overall, Verizon's billing performance remains poor. Moreover, much of the progress that Verizon has made with respect to other OSS problems only came about late in the section 271 process. WorldCom is continuing to monitor Verizon's performance in these recently corrected areas and the Commission should do so as well.

3. This Declaration is in two parts. In Part I, I present a general background on OSS functions, their development, and the role they play in providing local exchange service. In Part II, I explain the ways in which Verizon is failing to provide adequate, nondiscriminatory access to billing in Pennsylvania and the recent changes in Verizon's performance with respect to other aspects of its OSS.

I. BACKGROUND ON OSS.

4. Operations Support Systems ("OSS") are all of the systems, databases, business processes, and personnel needed to ensure that a local exchange carrier can satisfy the needs and expectations of its customers. The fundamental importance to a CLEC of having nondiscriminatory access to the ILEC's OSS is well established. The FCC has emphasized that "nondiscriminatory access to these systems, databases, and personnel is integral to the ability of competing carriers to enter the local exchange market and compete with the incumbent LECs."¹ It has added that "without nondiscriminatory access to the BOC's OSS, a competing carrier will

¹ LA II Order ¶ 83. See also SC Order ¶ 82; MI Order ¶ 129.

be severely disadvantaged, if not precluded altogether, from fairly competing in the local exchange market.”²

5. Because of the importance of OSS, the burden rests with the ILEC to show that CLECs have access of the same quality, reliability, accuracy, and timeliness to the same OSS functionalities as the ILEC and that the ILEC can sustain the requisite level of performance while supporting commercial volumes of CLEC transactions. The Commission has held that in order to carry this burden, an ILEC must show both that CLEC access to OSS is nondiscriminatory on its face and that its OSS functions are operationally ready as a practical matter. LA II Order ¶ 85.

6. As the Commission is aware, there are five basic OSS systems: pre-ordering, ordering, provisioning, billing, and repair and maintenance. In performing these functions, it is important that the ILEC minimize reliance on manual processes. Ordinarily, manual access arrangements are not compatible with WorldCom’s needs as a new entrant. Every manual intervention causes delay, sometimes substantial delay, and creates a significant risk of error. By relying on manual intervention, an ILEC makes its competitors dependent on the efficiency and accuracy of its own employees--including their incentive or lack of incentive to be efficient and accurate. Manual arrangements also increase a CLEC’s costs of managing and monitoring the ILEC’s process. The FCC has recognized, therefore, that reliance on manual processing generally results in poor ILEC performance as commercial volumes increase.³

² NY Order ¶ 83 (quoting LA II Order, 13 F.C.C.R. at 20652). See also TX Order ¶ 92.

³ See, e.g. LA II Order ¶ 110; SC Order ¶ 107; LA I Order ¶ 28; MI Order ¶ 173.

7. Experience proves the critical point that a successfully tested OSS system is not the same thing as an operationally and commercially satisfactory system. In New York, for example, despite the extensive third-party test of KPMG and a relatively high amount of commercial experience, the major problem with missing provisioning notices occurred after the conclusion of the test, causing hundreds of thousands of customers to be adversely affected. In light of the innumerable potential glitches and pitfalls that must be eliminated prior to commercial availability, one cannot know how well OSS will be provided until it actually has been provided.

8. The FCC has therefore appropriately recognized that “[t]he most probative evidence that OSS functions are operationally ready is actual commercial usage.” It therefore relies primarily on commercial data in evaluating the section 271 applications whenever possible. See, e.g., TX Order ¶¶ 98-99, 102. WorldCom’s commercial evidence now demonstrates that, while Verizon’s OSS is working effectively in many respects, it also has key problems that must be eliminated before Verizon’s section 271 application is approved.

II. VERIZON’S OSS IS NOT YET READY.

9. Commercial experience has revealed a number of systemic defects in Verizon’s OSS. Verizon has made progress in correcting these defects during the section 271 process, but Verizon’s billing process remains unacceptable and other defects have only been corrected recently and must continue to be monitored to ensure that they do not return.

A. Verizon’s Billing Process Is Deficient.

10. Since the passage of the Telecommunications Act, WorldCom has asked Verizon to transmit electronic bills rather than paper bills. But Verizon has yet to transmit timely, accurate, auditable, electronic bills.

11. WorldCom cannot readily audit or validate paper bills. WorldCom's paper bills for Pennsylvania consist of well over one hundred boxes of paper per month (more than one hundred fifty boxes in May), and it would take a substantial amount of money and resources to determine whether Verizon's paper bills are correct. Without electronic bills, therefore, WorldCom has no efficient way to determine whether Verizon is overcharging it for services it has ordered. As the Pennsylvania Public Utility Commission ("PUC") explained, "Verizon PA needs to issue timely, accurate, auditable bills to be paid and to give its CLEC customers a meaningful and realistic opportunity to accurately assess their operational costs. It is undisputed that electronic billing is an essential component of the billing process as established in the record. Without adequate electronic billing, CLECs are unable to verify the accuracy of Verizon PA's wholesale bills in a timely manner." (PUC Report at 102 (footnote omitted).) Indeed, even Verizon admits that it is unmanageable for CLECs with large order volumes to rely on paper bills. (March 7 Tr. at 109, Geller testimony (VZ-PA App. B, Tab C, Sub-Tab 15).)

12. The Pennsylvania PUC ordered Verizon to adopt the industry standard CABS BOS BDT electronic format for billing during the MFS-III proceeding as far back as April 1997.⁴ But it was not until January 2000 that Verizon sent a letter from Jennifer Ross, the Director of Account Management, to CLECs stating that all wholesale bills for all service delivery methods were then available in CABS BOS BDT format. But, as Verizon witness Warren Geller explained, "we found out in April of 2000 that the product that we thought was

⁴ Application of MFS Intelenet of Pennsylvania, Inc., et al., Docket No. A-310203F0002, et al., April 10, 1997 at 134-35 ("When there is adopted an industry standard for billing, we should anticipate that Bell would convert its billing to such standard absent a good cause showing of why it departs from the industry accepted standard.") (VZ-PA Conf. Vol. 1a, Tab 1.) The CABS BOS standard has been available for years.

available and useful was flawed in several aspects, so we informed the CLEC industry of the problems and that we were going to stop producing the BDTs at that point in time until we could correct the problems.” (April 25, 2001 en banc 271 hearing Tr. at 144-45 (VZ-PA App. B, Tab C, Sub-Tab 26).)

13. In October 2000, Verizon “informed the customer base that they could once again be receiving the BDT.” Id. WorldCom received its first electronic bill for Pennsylvania in November 2000. (It actually received a test file in November and then did not receive the production version of this same bill until December.) The ten months of effort after Verizon announced the availability of electronic bills demonstrates the difficulty in dealing with Verizon’s billing organization. And the November bill hardly resolved the problem. That bill contained significant formatting problems and was late. Both problems have continued subsequently. In addition, Verizon bills WorldCom incorrectly for switch port charges.

14. The Pennsylvania PUC implicitly recognized Verizon’s problems in transmitting accurate electronic bills when it ordered Verizon to accept additional billing metrics with enhanced remedies as a pre-condition of finding Verizon had satisfied section 271 requirements. (June 6, 2001 letter at 4 (VZ-PA App. B, Tab A, Sub-Tab 3).) But dissenting Commissioner Fitzpatrick properly found that Verizon had not yet demonstrated its current billing performance was sufficient to justify section 271 authorization. (Id., Statement of Commissioner Fitzpatrick at 1.) Dissenting Commissioner Brownell similarly found that “Verizon must . . . successfully complete at least two billing cycles” before section 271 authorization is warranted. (Id., Statement of Commissioner Brownell at 1.) Verizon has not yet shown its electronic bills are ready. Although it has recently made some progress in providing

acceptable electronic bills, its poor past performance demands a real track record of success.

This Verizon does not yet have.

i WorldCom Continues To Receive Some Bills Only In Paper.

15. Even after Verizon began transmitting some bills electronically in November 2000, Verizon continued to transmit other bills only in paper format. (March 7 Tr. at 75-77, Geller testimony (VZ-PA App. B, Tab C, Sub-Tab 15).) Even today, Verizon continues to transmit some WorldCom Pennsylvania loop bills and resale bills in paper format each month. Verizon also continues to transmit some UNE-P bills for individual users in paper – separate from the single electronic UNE-P bill that should encompass all of WorldCom’s UNE-P billing. Other CLECs also are receiving paper bills despite their request for electronic bills. (March 6 Tr. at 193-94, Goldberg testimony for MetTel (VZ-PA App. B, Tab C, Sub-Tab 14); March 15 Tr. at 146-190, Curry testimony for OTS (describing problems with billing, including receipt of paper bills (VZ-PA App. B, Tab C, Sub-Tab 19).) Verizon must fulfill its promise of transmitting all bills electronically in the correct format.

16. The problem WorldCom is experiencing with continued receipt of some individual UNE-P paper bills may be the one that Verizon identifies in paragraph 160 of its OSS declaration. (McLean Decl. ¶ 160 (VZ-PA App. A, Tab B).) Verizon says that it fixed part of this problem with a June system enhancement that “transformed the platform migration two-service order process to a single service order process.” Id. WorldCom is strongly in favor of this change for many reasons. But it is far too early to know whether it has corrected the problem with paper bills; indeed, Verizon states that “[a]n additional release on July 1 will address the few residual occurrences on new accounts that have been identified.” Id. More important, the change from a two service order process to a single service order process is a

significant change in Verizon's back-end systems that may have all sorts of ramifications. The change was not discussed with CLECs and it will take substantial operational experience to evaluate the change and ensure that it has not had any significant negative effects. This is a separate reason that Verizon's section 271 application should not be granted now.

(ii). Verizon's Electronic Bills Are Incorrectly Formatted and Inaccurate.

17. Verizon's electronic bills have been riddled with errors since Verizon first began transmitting them in November. Verizon recently has made scores of modifications to its billing process that may help to eliminate these errors. Rather than making the modifications and waiting to determine whether they fixed the billing problems, however, Verizon made the modifications and applied for section 271 authorization. Verizon does not yet have any basis for its conclusion that its bills are now acceptable.

18. When Verizon first transmitted an electronic bill in November 2000, that bill contained important formatting errors. The bill had a number of fields that were blank, others that contained an improper character, and others that were an improper length. This was so even though WorldCom had tested the billing process in August, September and October and informed Verizon of the need to correct formatting errors. After receiving the November bill, by which I mean the bill that WorldCom received in November, not the bill for November activity, WorldCom described the continued formatting errors to Verizon and Verizon promised to correct the errors. Nonetheless, most of the same errors appeared on the December UNE-P bill. As a result, WorldCom was forced to spend many hours making manual corrections to the December bill before they could even be accepted by WorldCom's systems.

19. The January 2001 UNE-P bill was the first UNE-P bill that WorldCom was able to audit. Even with that bill WorldCom had to spend substantial time making manual

corrections to the formatting before the bills could be accepted by WorldCom's systems. And when WorldCom was able to audit the bill, it found the bill contained a number of substantive errors. WorldCom determined that Verizon was billing a number of Billing Account Numbers ("BANs") under the wrong service type. For example, in January, for BANs 215199132599, 2151991326999, 609Z051000999, 609Z111000999, 609Z111001999, 609Z051000999, Verizon billed WorldCom for offering UNE-P service (service type J) even though WorldCom was not offering UNE-P service on these BANs. In total, Verizon billed more than \$105,000 to the incorrect service type. This made it impossible for WorldCom's audit to be accurate because its auditing systems are set up based on service type. Verizon promised to fix this problem on April 21 and it seems finally to have been fixed on the May bill.

20. Verizon's January UNE-P bill also contained other inaccuracies. The total amount listed on the bill under "other charges and credits" was different than (out of balance with) the amount obtained by summing the charges and credits. In total, for the January bill, WorldCom found almost \$25,000 in overbilling based on out of balance conditions after netting Verizon overbilling and underbilling. These errors resulted from Verizon's failure to follow the edits in the industry standard CABS BOS format.

21. The inaccuracy of Verizon's bills became further evident to WorldCom when Verizon transmitted two different versions of the same bill – one out of its end user system and one out of its CABS system. Although the CABS systems is simply supposed to alter the form, not the substance of the bill, the CABS bill had a slightly different total for the amount due than did the bill that came from the end user system. When WorldCom called Verizon to determine the source of the discrepancy, Verizon looked in its internal systems and provided WorldCom with still a third total for the amount that WorldCom owed (approximately \$500 less than the

total on either of the two bills). Although the discrepancies were not great, they are further evidence that Verizon's billing systems were not yet debugged sufficiently.

22. Subsequent to transmission of the January bill, Verizon again began transmitting bills that were impossible to audit. On the February bill, the fields for Universal Service Ordering Codes ("USOCs"), which provide the information on the features a customer has ordered, were left blank. As a result, WorldCom was not able to audit the February bill. Moreover, in order to simply load the bill into WorldCom's systems, WorldCom had to manually enter dummy USOCs into the appropriate fields. And Verizon has not sent a new February bill despite WorldCom's complaint.

23. When WorldCom initially received the March bill, that bill contained only 10 million out of 16 million records. Thus, that bill was entirely useless to WorldCom. Moreover, despite the millions of blank records on that bill, WorldCom was able to determine that Verizon had not fixed the missing USOC problem. When Verizon finally transmitted a new March bill with complete records, it still had not fixed the USOC problem. The April bill also contained blank USOCs, as well as other errors (value of 0 for Usage Quantity Type Indicator, non-numeric characters in Percent Local Usage Value), and thus also proved impossible to audit.

24. The May UNE-P bill was better than prior bills but still contained some errors. The May bill contained USOC codes and appears to have been properly formatted in other respects. WorldCom therefore has been able to partially audit the bill. In its audit, WorldCom found that Verizon improperly billed it for taxes even though WorldCom is tax exempt. WorldCom also found that Verizon has imposed late payment charges on WorldCom even though the late payment of WorldCom's bills resulted from Verizon's late delivery of those bills, as discussed below.

25. WorldCom had one additional problem with the May bill that prevented it from fully auditing the bill to determine its accuracy – a problem that it will have to work out with Verizon. WorldCom discovered that because its UNE-P bill contains so many telephone numbers under one Billing Account Number (“BAN”) for Pennsylvania, the scope of the records exceeds the capacity of the auditing program, thus precluding WorldCom from auditing the information in the individual records. Because the May bill is the first recent bill that WorldCom has been able to attempt to audit, this problem did not become apparent until the May bill. At present, WorldCom intends to work with Verizon to attempt to resolve this problem by splitting the bill into multiple BANs. Under § 3.1.1.5 of its Interconnection Agreement, WorldCom is entitled to receive bills with no more than 50,000 component accounts under one BAN. For now, however, WorldCom is unable to determine the accuracy of the May bill at the level of individual telephone numbers; it has only been able to audit the summary information in the bill.

26. The June bill again arrived with formatting problems. When WorldCom received the June UNE-P bill on June 27, it contained formatting errors that prevented the bill from loading in WorldCom’s system. In particular, the “LPC Type Indicator” Field, a field that identifies why a late payment charge is being imposed, was left blank. The bill cannot load without data in this field. WorldCom immediately opened trouble ticket 321160 on this problem.

27. Finally, while I have presented detailed information only on UNE-P bills, those bills are not unique. WorldCom has continuously had similar problems on other bills. For example, the problem that WorldCom is experiencing on the June UNE-P bill with the LPC Type Indicator Field is not a new one. WorldCom opened trouble tickets regarding the same problem for bills other than UNE-P bills on May 1 (trouble tickets 303408 and 303409). Verizon therefore

had notice of the problem with the LPC Type Indicator Field since early May but has not yet fixed the problem for the non-UNE-P bills and that problem has now migrated to the UNE-P bill.

28. Thus, five years since WorldCom first requested an electronic bill, Verizon's has yet to transmit a single UNE-P bill that is devoid of serious errors. Indeed, every bill except the May bill has had significant formatting problems that have required manual fixes for the bills even to load in WorldCom's systems. WorldCom has yet to be able to conduct a complete audit on any bill, and the partial audits it has conducted have revealed important inaccuracies.

iii. Verizon's Recent Modifications Are Insufficient to Justify Section 271 Authorization.

29. Verizon contends that after recent improvements, its electronic bills are now properly formatted and accurate. Verizon acknowledges that until very recently a number of inaccuracies existed in its electronic wholesale bills. (McLean Decl. ¶¶ 158-161 (VZ-PA App. A, Tab B).) Indeed, Verizon states that based on its internal analysis and complaints from CLECs, it identified 66 issues with the CABS BOS bill and that it added 15 issues subsequently for a total of 81 issues. (*Id.* ¶ 133.) Verizon states, however, that all but three of these issues have now been resolved. (*Id.* ¶¶ 133, 135.)

30. Similarly, the Pennsylvania PUC relies on modifications that were scheduled to be completed on or about June 16, 2001 as a basis for concluding that Verizon's wholesale billing is now acceptable. (PUC Report at 103.) But at the time the PUC concluded that these modifications were sufficient, the PUC did not yet have any evidence that these planned fixes would work. As for the remedy plan adopted by the PUC (PUC Report at 103), while desirable, it cannot demonstrate that Verizon's billing systems are presently operational, as they must be prior to section 271 authorization.

31. Nor does Verizon present sufficient evidence to this Commission that its modifications have resulted in satisfactory electronic bills. As discussed above, the May and June UNE-P bills received by WorldCom have not been error free. To the contrary, as a result of formatting problems, WorldCom has not even been able to load the June bill to audit the bill. WorldCom experienced similar formatting problems on May bills other than the UNE-P bill. These continued formatting problems demonstrate the fallacy of presuming that Verizon's recent fixes will resolve longstanding problems before there is significantly more commercial experience with those fixes.

32. Indeed, of the 81 issues on Verizon's list, the fixes for thirty of these issues were not implemented prior to April 21, 2001 and thus the fixes would not have appeared until the May bill at the earliest. Ten were not fixed until June and thus the fixes would not be apparent until the June or even the July bill. (McLean Decl. Att. 28 (VZ-PA App. A, Tab B).) Thus, CLECs have had very little time to evaluate whether the fixes have been successful. And so far, WorldCom has found that the fixes have not been entirely successful.

33. Moreover, even if Verizon did manage to transmit one successful cycle of bills, that would not be sufficient to show that Verizon would continue to perform successfully in subsequent billing cycles. The formatting problems that appeared on WorldCom's June UNE-P bill had not appeared on the May UNE-P bill. Thus reliance on the May bill alone would have led to the mistaken impression that formatting problems were fixed. A single month's bill is simply insufficient to establish acceptable performance.

34. This is especially so because Verizon recently introduced a manual review process to determine whether the electronic bill balances internally and to compare the data on the electronic bill to that on the paper bill and make adjustments where the bills differ. Verizon

acknowledges that this manual process is presently needed to correct “known conditions” that cause discrepancies between the paper bill and the BDT as well as inconsistencies that “cannot be explained by known conditions.” (McLean Decl. ¶¶ 137-138 (VZ-PA App. A, Tab B).) But a manual process, even if successful at correcting errors in a particular month may not correct those same errors in a future month. Moreover, when Verizon believes it is no longer needed, Verizon intends to eliminate the manual process, thus risking reintroduction of errors that are presently being corrected by the manual process. Verizon needs to show that it produces acceptable bills after elimination of the manual process – or at least that it can produce acceptable bills for several billing cycles while this process is in place.

35. Verizon asserts that the absolute value of the manual adjustments it made on the electronic bills decreased from 1.77% to 0.89% from the first period (April 20 through May 13, 2001) to the second period (May 20 through June 13, 2001). (Verizon ex parte letter, July 3, 2001). Even 0.89% is a significant amount on a UNE-P bill worth millions of dollars, however. Moreover, it may be that the reason that manual adjustments decreased has nothing to do with systems improvements but rather results from an increase in errors during the manual adjustment process. In addition, even if the electronic bill is more closely matching the paper bill, this does not show the bill is accurate unless the paper bill itself is accurate – something that Verizon does not show, as I discuss below.

36. Verizon itself previously has recognized that CLECs need to have several bill cycles to evaluate whether bills are now acceptable. Given Verizon’s past problems in providing acceptable electronic bills, Verizon said that, “[i]t’s not unreasonable for [CLECs] to say prove it” in response to its claim that it would fix the problems with the electronic bills. (Geller testimony, April 25, 2001 en banc 271 hearing, Tr. at 134 (VZ-PA App. B, Tab C, Sub-Tab 26).)

Later, Verizon acknowledged that “[w]hat we’d like to be able to do at that point in time [June 16, when the fixes are complete] is, to insure that all parties have an opportunity to review it, Verizon included, is to run several cycles, in other words additional bill cycles, and at that point in time Verizon would make its final decision as to whether or not BOS-BDT could become the official bill and replace paper.” (Geller testimony, April 25, 2001 en banc 271 hearing, Tr. at 146 (VZ-PA App. B, Tab C, Sub-Tab 26).) The fact that Verizon has now made BOS BDT the official bill does not change the fact that several billing cycles are needed to properly evaluate the bill.

37. Moreover, in addition to Verizon’s failure to allow sufficient time to demonstrate that its bills are now acceptable, and WorldCom’s evidence that the bills are not yet acceptable, Verizon itself has admitted to continuing limitations in its bills that presently preclude CLECs from fully auditing the bills. Verizon states, for example, that when it manually adjusts a bill, it “does not provide [CLECs] detailed information to allow recalculation of the adjustment.” (McLean Decl. ¶ 146 (VZ-PA App. A, Tab B).) In addition, because “items that are bulk billed only appear as a sub-total item at the summary level and do not contain detailed records, the sub-total summary level amount does not equal the sum of the detail charges.” (*Id.* ¶ 149.) This makes it difficult for CLECs to determine whether the bills are out of balance because of an error or because of bulk billing or manual adjustments.

38. Beyond limitations that increase the difficulty of auditing, Verizon also acknowledges that “in some instances, the usage summary totals on platform BDTs include charges that are designated as resale charges.” (*Id.* ¶ 151.) Thus, Verizon admits to ongoing substantive errors on UNE-P bills. Verizon says that it will not bill for such charges until it has corrected this problem. But the problem Verizon describes may be only a part of a larger

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problem for which Verizon has offered no similar promise. As explained above, Verizon included charges on WorldCom's January UNE-P bill that were incorrectly designated as UNE-P charges even though they were not UNE-P charges. Although Verizon finally appears to have corrected this particular problem at least for the May bill, the similarity of this problem to Verizon's current problem of billing resale charges on UNE-P bills suggests that Verizon may have a more general problem with ascribing bills to the incorrect service type.

39. Thus, there has been insufficient time to assess Verizon's billing changes to determine whether Verizon can now transmit accurate bills. The evidence to date, however, including Verizon's own admissions, is that Verizon still needs to make additional adjustments before it can transmit auditable, accurate bills. Certainly, when Verizon has yet to transmit a single accurate electronic UNE-P bill, and when its most recent bill is inauditable, it is too early to conclude that Verizon's billing problems are in the past.

iv. The Pricewaterhouse Coopers Audit Does Not Demonstrate Verizon's Bills Are Acceptable.

40. The audit conducted by Pricewaterhouse Coopers ("PwC") cannot substitute for commercial data showing that Verizon's bills are acceptable. Commercial competition is sufficiently developed that commercial experience is the best source of data on the accuracy of bills. There is no reason to rely on a third party audit to demonstrate acceptable performance. This is particularly so because the PwC audit did not directly evaluate that performance. Verizon hired PwC to determine whether Verizon's electronic bills matched its paper bills for a short period of time. (McLean Decl. ¶ 143 (VZ-PA App. A, Tab B).) Verizon "did not ask PwC to test the completeness or accuracy of the billing information on the BDT." (Id. ¶ 143.)

41. Even if PwC correctly concluded that the electronic bill matched the paper bill – after manual corrections by Verizon – that does not demonstrate that the electronic bill is accurate unless the paper bill is also accurate. But the main reason that CLECs need electronic bills is so they can effectively audit the bills to determine their accuracy. They have no efficient means of determining that the paper bills are accurate. Nor does KPMG’s months old evaluation of the paper bill make the comparison more relevant. KPMG performed that evaluation before commercial data revealed problems with the electronic bill. KPMG did not subsequently evaluate whether there were similar problems on the paper bill. In any event, it simply makes no sense to assess the accuracy of the electronic bill through a third party comparison with the paper bill when direct commercial evidence of the accuracy of the electronic bill exists.

42. Moreover, the caveats Verizon placed in its request for a PwC audit themselves significantly limit the import of that audit. At Verizon’s request, PwC only evaluated whether the “key summarization points and key billing elements” and the dollar values were the same on the paper and electronic bills. (Bluvol/Kumar Decl. Att. 1 (VZ-PA App. A, Tab C).) PwC did not evaluate whether the formatting of the electronic bill was adequate to allow auditing. Nor did PwC evaluate whether the substantive information on the bill was sufficient to allow auditing. In asking PwC to evaluate its assertions that CLECs could recalculate charges on the bill and the bill was internally consistent, Verizon added several important exceptions including: (1) Verizon’s manual adjustment process does “not provide detailed information to allow recalculation of the adjustment,” and (2) “certain items (including Centrex Line, Switch Redirect, Optimal, Automatic Call Distribution, and Centrex Caller ID) appear only at the summary level as a subtotal item on the BDT.” (Bluvol/Kumar Decl. Att. 1 (VZ-PA App. A, Tab C).) But, as explained above, these exceptions limit the ability of CLECs to audit the bill. If

Verizon manually adjusts electronic bills and CLECs cannot recalculate the adjustments, for example, they have no way of determining the accuracy of the overall bill.

43. Thus, Verizon has not yet demonstrated the adequacy of its bills. Every bill WorldCom received before May had significant formatting problems and the June bill also has formatting problems that have prevented WorldCom from auditing the bill. When WorldCom has been able to evaluate the substantive content of the bills, it has found problems, including some problems even on the May bill.

44. Verizon has had a long history of promising acceptable electronic bills. It must prove it has delivered on that promise before gaining section 271 authorization. Verizon could have waited a few additional billing cycles to demonstrate the adequacy of its bills. Instead, it attempts to rely on an indirect third party audit. That attempt should be rejected.

v. Verizon Is Unwilling To Correct Past Bills.

45. Despite WorldCom's inability to audit most of Verizon's UNE-P bills, WorldCom has paid all of the bills except for the inauditable April bill. WorldCom paid the bills because it believed that Verizon eventually would transmit corrected bills, and WorldCom could then audit the old bills and collect credits from Verizon for past errors. But in April, Verizon informed WorldCom that it would not retransmit the old bills in a format that WorldCom can audit. Thus WorldCom will never be able to seek refunds on what may be significant errors on bills worth millions of dollars. This is in contrast to the position of other LECs that transmit corrected bills as a matter of course.

vi. Verizon Transmits Bills Late.

46. Verizon also is transmitting WorldCom's bills late. The PUC does not discuss this problem in its evaluation. The performance standard requires Verizon to deliver bills within

10 business days after the invoice date of the bill. But Verizon repeatedly fails even this relatively lax standard. WorldCom anticipates that bills will be delivered within 10 days of the invoice date to allow for proper time to audit and analyze the bills before payment is due. Timely transmission of bills is also important to enable WorldCom to allocate its workload effectively.

47. Verizon has not met the 10 day interval for any of the electronic UNE-P bills it has transmitted. The production version of the November 13, 2000 bill was received for processing in the WorldCom production system on December 21, 2000. Receipt of the bill was delayed because Verizon transmitted the data file to the incorrect termination point. The December 13, 2000 bill was received for processing in the WorldCom production system on January 3, 2001. However, due to incorrect data formats, which WorldCom corrected, WorldCom was not able to successfully load the data until January 7, 2001. WorldCom received the January 13, 2001 UNE-P bill on February 2, 2001. The bill was again delayed because Verizon transmitted the data file to the incorrect termination point. Due to incorrect data formats, which WorldCom corrected, WorldCom could not successfully load this data until February 8, 2001.

48. The timeliness of Verizon's bills has not improved significantly in recent months. WorldCom received the February UNE-P bill on March 8, seventeen business days after the February 13 invoice date. And WorldCom received the March UNE-P bill on April 11, twenty one business days after the March 13 invoice date. Verizon did transmit a bill on March 27 (10 business days after the invoice date) but that bill contained only 10 million out of 16 million records. Thus, that bill was entirely useless to WorldCom. WorldCom did not receive a bill with all records until April 11.

49. Verizon's performance deteriorated further with the April bill. WorldCom was not able to load the April 13 UNE-P bill until May 21. Verizon did better with the May 13 UNE-P bill. WorldCom received that bill on May 26, one day beyond the 10 business day standard. Finally, Verizon transmitted the June 13 UNE-P bill on June 27, ten business days after the invoice date, but because of formatting problems the bill could not be loaded on that date. WorldCom still has not received a bill it can load into its systems.

50. Verizon thus is not yet transmitting correctly formatted bills in a timely manner. Indeed, Verizon acknowledges that "[a]s Verizon implemented its manual review and adjustment process, it began to hold BDT bills in order to make sure they matched the paper bill." (McLean Decl. ¶ 156 (VZ-PA App. A, Tab B).) WorldCom receives electronic bills in CABS/BOS format from approximately 20 vendors and Verizon in Pennsylvania is the only one with which WorldCom is experiencing the type of problems I have described. Verizon's ability to transmit timely, accurate electronic bills must be proven in practice. Verizon's claim that it has the capability of transmitting bills on time (*id.*) does not alter its poor past performance and cannot show Verizon's future performance will be acceptable.

vii. Verizon's Performance Metrics Do Not Measure Its Billing Performance.

51. Verizon's failure to transmit timely, accurate electronic bills is not captured in its performance metrics. Verizon only measures the accuracy and timeliness of paper, not electronic, bills. (March 7 Tr. at 110, DeVito testimony (VZ-PA App. B, Tab C, Sub-Tab 15).) Thus, Verizon's performance data has absolutely no relevance in assessing Verizon's performance to date with respect to electronic bills.

52. Verizon's performance data does not even demonstrate the accuracy of its paper bills. Verizon only measures those inaccuracies that CLECs report within one billing

period of receipt of the bill. Thus, Verizon's performance data would show that WorldCom's paper bills are 100% accurate even though no one has checked the accuracy of those bills.

(WorldCom has not attempted the monumental task of auditing the paper bills and thus has not reported any problems with the bills.) Similarly, Verizon's performance data would show that Z-Tel's paper bills are accurate even though Z-Tel had a significant billing dispute with Verizon that it eventually settled after Verizon acknowledged that Z-Tel's claims were valid (March 7 Tr. at 105-06, Geller testimony (VZ-PA App. B, Tab C, Sub-Tab 15).) The inaccuracies found by Z-Tel are not reflected in Verizon's performance reports because Z-Tel took more than 30 days to submit and resolve the dispute. (March 7 Tr. at 138-39, Rubino testimony for Z-Tel (VZ-PA App. B, Tab C, Sub-Tab 15).)

53. The fact that Verizon often requires CLECs to come to Verizon to report on Verizon's failures is a general cause of inaccuracies in Verizon's performance reports. If CLECs do not make such reports, for whatever reason, Verizon's performance will appear to be acceptable even if it is not. This becomes an even bigger problem because Verizon effectively precludes CLECs from reporting Verizon errors. If Verizon transmits CLECs bills that are late or inauditable, CLECs cannot report inaccuracies on their bills by the next billing period. As a result, Verizon's performance reports say little about the accuracy of its bills. In fact, looking at Verizon's performance reports, it would appear that Verizon has been providing perfect billing performance (McLean Decl. ¶¶ 153-14 (VZ-PA App. A, Tab B), when that is clearly not the case.

54. The Pennsylvania PUC has now applied the paper billing metrics to electronic bills and increased the remedies for violation of those metrics. (PUC Report at 103.) This is certainly a step in the right direction. However, this resolves only part of the problem.

Verizon will now provide performance measurements on electronic bills. But these measurements will still depend on reporting of errors by CLECs within the allotted time frame. If the bills are fully auditable and on time, many CLECs should be able to report such errors. But if formatting problems or late bills continue, accurate audits will not occur and the performance reports will continue to underreport problems.

viii. Verizon Continues to Bill WorldCom Incorrectly for Port Charges.

55. In addition to Verizon's failure to transmit properly formatted electronic bills, Verizon's billing process suffers from another defect: Verizon charges WorldCom incorrectly for switch ports. The Pennsylvania PUC's Global Order required Verizon to tariff two port charges – one that includes all vertical features at a price of \$2.67, and one that includes all but four vertical features at a price of \$1.90. Consistent with Verizon's practice of interpreting PUC Orders as restrictively and anti-competitively as possible, Verizon only tarified the most expensive port charge for UNE-P orders. WorldCom raised this issue with Verizon, which then agreed that WorldCom should be able to order the lower priced port. However, Verizon claimed that its systems were not set up to permit WorldCom to order the lower priced port. Therefore, Verizon agreed to credit WorldCom the 77 cents between the port charges for each port ordered. Verizon also agreed to attempt to fix its systems so that WorldCom would be able to order both ports by December 2000. That did not happen. Verizon then claimed that it would fix its systems by March 2001. That did not happen either.

56. On March 16, 2001, Verizon transmitted a letter to CLECs informing them that as of April 8, 2001 they would be able to order the limited feature port option. The method Verizon announced for CLECs to order the limited port option required CLECs to change their interfaces. But Verizon did not provide the complete business rules for this change. Verizon did

not explain the impact of the new port option on customers who had already migrated to CLECs with the old option, for example. It did not explain how it would change the port option for such customers or how CLECs would submit supplemental orders for such customers – should CLECs reference the old or new port on their orders? Finally, Verizon failed to follow the change management process by unilaterally adopting a method for ordering the new port charge that requires the CLECs to change their interfaces without proper notice and discussion. In any event, and most fundamentally, despite Verizon's announcement that it would implement the change in April to enable CLECs to order the lower cost switch port option, Verizon has not done so to date.

57. In the meantime, Verizon also did not successfully implement the interim fix it promised. Verizon initially failed to transmit letters to WorldCom providing credits for the overcharges on ports that WorldCom had ordered, and, when it did finally transmit such letters, they turned out to have different data than WorldCom on the number of ports that have been ordered. In August 2000, for example, Verizon credited WorldCom for ordering only 2 switch ports, which is far fewer than the thousands of switch ports WorldCom ordered. (March 7 Tr. at 96-99, 101, Geller testimony (VZ-PA App. B, Tab C, Sub-Tab 15).)⁵ Moreover, since receiving a letter regarding the December 2000 UNE-P bill, WorldCom has not received any letters explaining credits for switch port charges in subsequent months. And, because of the inauditable bills WorldCom has received, WorldCom has been unable to assess whether Verizon is properly crediting WorldCom for switch port charges on the bills.

⁵ Verizon may argue that it provided credits for the August switch ports on later bills, but Verizon has not made any showing that this is so.

58. WorldCom has attempted to contact Verizon repeatedly to reach a final resolution of the proper calculation of switch port charges in recent months but has not received any response. Thus, when WorldCom paid the May bill, it calculated switch port credits based on its own figures and deducted them from payment of the bill. It would be far easier, however, if the issue were resolved once and for all.

B. The Commission Should Monitor A Number of Other OSS Issues.

59. After WorldCom entered the market in Pennsylvania, it faced a number of important OSS problems in addition to billing problems. Verizon made very little progress in fixing these problems until the section 271 process began. WorldCom is pleased to report that during the section 271 proceedings in Pennsylvania, Verizon appears to have fixed these problems. But WorldCom is concerned that problems fixed during the section 271 process will return. WorldCom will continue to monitor these problems and hopes that the Commission will do so as well.

60. To begin with, from the time WorldCom first launched service in Pennsylvania in August 2000, it experienced a significant problem with missing Billing Completion Notices ("BCNs"). As the Pennsylvania PUC correctly summarizes (PUC Report at 92), the number of BCNs that WorldCom was missing increased to approximately 2000 shortly after WorldCom launched service, remained relatively constant until January 2001, and escalated dramatically to 6,876 by early February. As of early February, WorldCom calculated that it had submitted trouble tickets with missing notifiers for nearly a fifth of the Purchase Order Numbers ("PONs") it had transmitted.

61. For many months, Verizon failed to perform a comprehensive root cause analysis of the missing BCN problem and did not take sufficient steps to resolve this problem.

This was so even after the problem escalated in early February 2001. But as the section 271 proceedings began to focus on the missing BCN problem, Verizon finally took steps to eliminate that problem and appears to have succeeded for the time being.

62. Because Verizon still has not performed a comprehensive root cause analysis, however, WorldCom has no confidence that the current improvement will be permanent. This is particularly so because Verizon acknowledged during the section 271 hearings that it has not yet fixed two of the underlying causes of the problem: (1) the occasional performance of some of the steps in Verizon's billing process in the incorrect sequence (March 6 Tr. at 99, McLean Testimony (VZ-PA App. B, Tab C, Sub-Tab 14), March 22 Tr. at 49, McLean testimony (VZ-PA App. B, Tab C, Sub-Tab 21)); and (2) human error (March 6 Tr. at 85, 100, McLean testimony (VZ-PA App. B, Tab C, Sub-Tab 14), March 22 Tr. at 49, McLean testimony (VZ-PA App. B, Tab C, Sub-Tab 21).) Instead, Verizon appears to have largely eliminated the problem through "retraining" and other manual fixes that may not continue to work after Verizon obtains section 271 authority. WorldCom will continue to monitor the number of missing BCNs and the Commission should monitor this problem as well.

63. As with missing BCNs, Verizon failed adequately to address a problem it had in processing orders with multiple blocking options until the section 271 process was almost complete. Until February 3, 2001, Verizon would only process the first blocking option that a customer ordered. Thus, if a customer ordered both blocking of third party calls and 900/976 blocking, only third party calls would be blocked. When Verizon corrected this problem on a going forward basis on February 3, it did not correct the problem for customers whose orders had already been processed previously. Verizon also was unwilling to provide WorldCom a date by which it would complete such a fix. For the first time in this proceeding, WorldCom learned

from the Pennsylvania PUC that Verizon “has represented that it will fix pre-February, 2001 orders by June of 2001.” (PUC Report at 96.) WorldCom is pleased to hear this. But it should not take PUC intervention during section 271 proceedings to produce such a promise. Moreover, Verizon must confirm that it has actually fulfilled this promise.

64. Verizon’s flow through performance also was quite poor in Pennsylvania until recently. At the time of the Pennsylvania 271 hearings, the flow through rate for UNE-P was “in the high 50s to low 60 percent.” (March 6 Tr. at 109, McLean testimony (VZ-PA App. B, Tab C, Sub-Tab 14); March 22 Tr. at 94, McLean testimony (VZ-PA App. B, Tab C, Sub-Tab 21).) Verizon also calculated that more than 23% of WorldCom’s flow-through eligible orders did not flow through in January 2001. As with other OSS problems, WorldCom is pleased that Verizon’s performance appears to have improved in recent months. But the Commission should continue to monitor Verizon’s performance to ensure that this improvement continues.

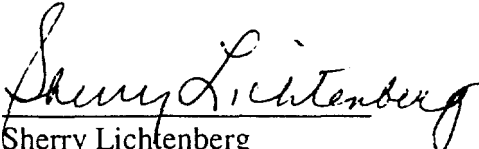
65. Verizon’s help desk performance also was entirely inadequate until recent months. Until recently, Verizon often took months to close a trouble ticket, particularly with trouble tickets related to missing BCNs. Once again, Verizon’s performance improved during the section 271 proceedings. And once again WorldCom hopes this improvement will continue but believes that it is important the Commission is aware of the problem in case Verizon’s performance deteriorates.

66. In general, Verizon’s past performance and recalcitrant attitude make WorldCom wary about presuming that improvements made during the section 271 process will continue. Of course, our wariness is even greater with respect to billing where Verizon has not yet managed to transmit a single acceptable UNE-P bill.

Conclusion

This concludes my Declaration on behalf of WorldCom.

I declare under penalty of perjury that the foregoing Declaration is true and correct.


Sherry Lichtenberg

Executed on: 7-11-01